Special Purchases Aircraft

All data presented here is for general information purposes only. For specific, or more detailed information please refer to Colorado Department of Revenue publications, the Colorado Revised Statutes, or contact the Fair Share/Disovery Section directly.

Aircraft

The Colorado Department of Revenue has received information from the Federal Aviation Administration regarding your purchase of an aircraft.

With few exceptions, all tangible personal property (including aircraft) sold or used within the boundaries of Colorado is subject to taxation. If the tax is collected by a dealer and remitted to the Colorado Department of Revenue on behalf of the buyer, the tax is referred to as Sales Tax. If no tax was collected and remitted by the seller, the tax becomes the responsibility of the buyer and is known as Consumer Use Tax. This is true, regardless of whether the aircraft was purchased out of state.

Where tangible personal property is traded or exchanged between unlicensed persons, the sales or use tax is based on the fair market value of each article. Each owes the tax on the fair market value of the tangible personal property he received in exchange.

An inquiry letter was previously mailed to you to request information about your circumstance. If no response was received within the allotted time, a Notice of Deficiency was issued to collect the presumed tax owed. If you do not agree with the assessment, please note the following:

- If you are an aircraft dealer, and your purchase is for resale you must provide proper documentation. Please forward copies of your FAA registration certificate and a copy of your Colorado sales tax license. Additionally, you must forward at least *two* of the following: a) Records of your solicitations and/or advertisements; b) copies of the aircraft logbook showing your usage of the plane; c) resale inventory records; d) any other evidence showing that the aircraft is being resold.
- If you previously paid the required tax to the Colorado Department of Revenue, send us a copy of your cash
 receipt or a front and back copy of your canceled check. Additionally, please include a cover letter that lists
 the location of the DOR office where the payment was made, the date of the payment, and the total amount
 paid.
- If you paid the tax to an aircraft dealer at the time of purchase, please forward a copy of your invoice that highlights the tax paid.
- If your aircraft is not airworthy please send a copy of your purchase agreement, pictures of the aircraft (with the N number visible), and a letter of explanation.
- If you lease the aircraft to a third party please submit a copy of your lease agreement(s), invoice(s), and a copy of your Colorado sales tax license. This information will be reviewed to determine whether the appropriate tax has been paid.
- If you do not use the aircraft in the State of Colorado please submit copies of your hangar receipts.

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Write:

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